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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

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AZ Corporation Commission
Director Of Utilities

IN THE MATTER OF THE APPLICATION OF
GOLD CANYON SEWER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

DOCKET NO. SW-02519A-04-0451

DECISION NO. 67671

OPINION AND ORDER

DATE OF HEARING:

January 14, 2005

PLACE OF HEARING:

Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE:

Dwight D. Nodes

APPEARANCES:

Mr. Patrick J. Black, FENNEMORE CRAIG, on
behalf of Gold Canyon Sewer Company; and

Mr. David Ronald, Staff Attorney, Legal
Division, on behalf of the Utilities Division of
the Arizona Corporation Commission.

BY THE COMMISSION:

On June 16, 2004, Gold Canyon Sewer Company ("Gold Canyon" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for an extension of its existing Certificate of Convenience and Necessity ("CC&N"). By its application, Gold Canyon seeks to provide wastewater utility service to approximately 2.6 acres in Pinal County in an area east of Apache Junction, Arizona,

By letter filed July 14, 2004, the Commission's Utilities Division ("Staff") deemed Gold Canyon's application sufficient.

On July 27, 2004, Gold Canyon filed an amended legal description of the area for which the Company seeks to extend its Certificate.

On November 29, 2004, Staff filed its Staff Report recommending approval of the application subject to certain conditions.

1 A Procedural Order was issued on December 2, 2004 scheduling this matter for hearing on
2 January 14, 2005.

3 On January 14, 2005, a hearing was convened before a duly authorized Administrative Law
4 Judge of the Commission at its offices in Phoenix, Arizona. At the conclusion of the hearing, the
5 matter was taken under advisement pending submission of a Recommended Opinion and Order.

6 On January 21, 2005, Gold Canyon filed a Notice of Filing Revised Legal Description. On
7 February 1, 2005, Staff filed Late-Filed Exhibit S-2, a Revised Legal Description and Map for the
8 requested extension area.

9 * * * * *

10 Having considered the entire record herein and being fully advised in the premises, the
11 Commission finds, concludes, and orders that:

12 **FINDINGS OF FACT**

13 1. Gold Canyon is an Arizona Corporation engaged in the business of providing
14 wastewater utility service to approximately 4,463 customers in an area east of Apache Junction, in
15 Pinal County, Arizona.

16 2. Gold Canyon is a wholly owned subsidiary of Algonquin Water Resources of
17 America, Inc. ("Algonquin"). Algonquin is owned by Algonquin Power Income Fund, an investment
18 trust established under the laws of Ontario, Canada. Algonquin Power Income Fund has a number of
19 utility service holdings in Canada and the United States. Algonquin's Arizona utility holdings
20 include Litchfield Park Service Company, Bella Vista Water Company, and Black Mountain Sewer
21 Company. Algonquin currently serves approximately 29,000 customers in Arizona through its
22 various utility company holdings.

23 3. On June 16, 2004, Gold Canyon filed an application seeking to extend its wastewater
24 CC&N to include approximately 2.6 acres comprised of seven lots owned by the LaFave Family
25 Trust (Ex. A-1).

26 4. By letter filed July 14, 2004, Staff deemed Gold Canyon's application to be sufficient.

27 5. On July 27, 2004, Gold Canyon filed an amended legal description of the area for
28 which the Company seeks to extend its CC&N.

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1 6. On November 29, 2004, Staff filed its Staff Report recommending approval of the
2 application subject to certain conditions.

3 7. By Procedural Order issued December 2, 2004, this matter was set for hearing and the
4 Company was directed to mail notice of the hearing to all property owners in the requested extension
5 area.

6 8. On December 16, 2004, Gold Canyon filed a Certificate of Mailing and Notice of
7 Publication of the required notice (Ex. A-2). No intervention requests or objections to the application
8 were received.

9 9. A public hearing on the application was held as scheduled on January 14, 2005. At
10 the hearing, Gold Canyon requested that the proposed extension area be expanded to include an
11 additional nine lots that are adjacent to the seven LaFave lots sought in the original application (Ex.
12 A-3). The Company presented signed statements from the owners of the nine additional lots
13 requesting that their property be connected to the Gold Canyon system (Ex. A-4).

14 10. On January 21, 2005, Gold Canyon filed a Notice of Filing Revised Legal Description.
15 On February 1, 2005, Staff submitted Late-Filed Exhibit S-2, a Revised Legal Description and Map
16 for the requested extension area (Attachment A hereto).

17 11. With the addition of the nine lots requested by Gold Canyon, the proposed CC&N
18 extension area is contiguous to the Company's existing service area (Ex. S-2). No other wastewater
19 provider is willing or able to provide service to the requested area. Other existing homes in the
20 vicinity of the proposed extension area are currently using individual septic systems for wastewater
21 disposal (Tr. 28).

22 12. According to Staff, the required utility infrastructure will be financed in accordance
23 with A.A.C. R14-2-606, which establishes the minimal acceptable criteria for main extension
24 agreements between wastewater utilities and private parties. Main extension agreements generally
25 require the developer of the property to design, construct and install all facilities necessary to provide
26 adequate service to the development. Once completed, the facilities would be conveyed to the utility
27 company and a refund of a portion of the annual revenue associated with the development would be
28 paid to the developer for a period of at least 10 years (Ex. S-1, at 1-2). Gold Canyon's general

1 manager, Mr. Michael Weber, testified that the necessary infrastructure has been constructed and
2 inspected, and has been determined to be acceptable for interconnection to the Company's system
3 (Tr. 24).

4 13. The Staff Report states that Gold Canyon's treatment facility was upgraded in 1999
5 from a capacity of 0.5 million gallons per day ("MGD") to 1.0 MGD. The existing wastewater
6 system is composed of an extended aeration activated sludge treatment plant, three collection system
7 lift stations, and a collection system (Ex. S-1, at 2). Effluent is sold to four golf courses (Tr. 17) and
8 recharge basins were installed in 2002 to handle excess effluent. Due to prior odor complaints, Gold
9 Canyon installed odor control covers over the head works and sludge digester. Sulfur dioxide
10 detectors have been installed at the perimeter of the plant (Ex. S-1, at 2).

11 14. Gold Canyon's residential customers have increased from 2,637 in July 2001 to 4,463
12 in January 2004. The Company expects average daily flow to reach 1.0 MGD sometime in 2006.
13 Based on system growth, Gold Canyon is expanding its facilities to a capacity of 1.9 MGD, which is
14 projected to be sufficient to handle increased treatment demand until at least 2010. Staff concluded
15 that the Company has adequate treatment and disposal capacity to serve the existing and proposed
16 connections within a conventional five-year planning period. The Company also plans to upgrade its
17 treatment process to produce a higher quality of effluent, add six Vadose Zone recharge wells to
18 assist in disposal of excess effluent, and develop other turf customers for effluent sales (*Id.* at 2-3).

19 15. The Arizona Department of Environmental Quality ("ADEQ") informed Staff that
20 Gold Canyon's Aquifer Protection Permit and Reuse Permit are in total compliance with ADEQ rules
21 for operation, reporting and discharge limits. Staff's Compliance Division reported no outstanding
22 compliance issues for Gold Canyon (*Id.* at 3).

23 16. Based on its review, Staff recommended that Gold Canyon's proposed CC&N
24 extension be granted subject to compliance with the following conditions:

- 25 a) Gold Canyon must provide service in the extension area under its
26 approved rates and charges;
27 b) Gold Canyon must file with Docket Control a copy of the Pinal
28 County Franchise which includes the proposed extension area within
365 days of this Decision; and

- 1 c) The Decision granting the CC&N extension will be considered null
2 and void without further order of the Commission if the Company fails
3 to file the Pinal County franchise within 365 days of this Decision (*Id.*
4 at 3-4).

5 17. Staff's recommendation for approval of the application, subject to the conditions
6 described above, is reasonable and shall be adopted.

7 **CONCLUSIONS OF LAW**

8 1. Gold Canyon is a public service corporation within the meaning of Article XV of the
9 Arizona Constitution and A.R.S. §40-281 *et seq.*

10 2. The Commission has jurisdiction over Gold Canyon and the subject matter of the
11 application.

12 3. Notice of the application was provided in accordance with law.

13 4. There is a public need and necessity for wastewater utility service in the proposed
14 extension area.

15 5. Gold Canyon is a fit and proper entity to receive an extension of its wastewater CC&N
16 to include the service area more fully described in Attachment A hereto.

17 **ORDER**

18 IT IS THEREFORE ORDERED that the application of Gold Canyon Sewer Company for an
19 extension of its Certificate of Convenience and Necessity to include the area described in Attachment
20 A is hereby approved.

21 IT IS FURTHER ORDERED that Gold Canyon Sewer Company shall charge its existing
22 rates and charges in the approved extension area.

23 IT IS FURTHER ORDERED that Gold Canyon Sewer Company shall file a copy of the Pinal
24 County Franchise which includes the proposed extension area within 365 days of this Decision.

25 ...

26 ...

27 ...

28 ...



...

IT IS FURTHER ORDERED the extension of Gold Canyon Sewer Company's Certificate of Convenience and Necessity will be considered null and void without further order of the Commission if the Company fails to file the Pinal County franchise within 365 days of this Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

 CHAIRMAN  COMMISSIONER  COMMISSIONER

 COMMISSIONER  COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 9th day of March, 2005.


BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT _____

DISSENT _____

SERVICE LIST FOR:

GOLD CANYON SEWER COMPANY

DOCKET NO.:

SW-02519A-04-0451

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LEGAL DESCRIPTION
CCN EXPANSION FOR
LAFAYE SEWER LINE
PINAL COUNTY, ARIZONA

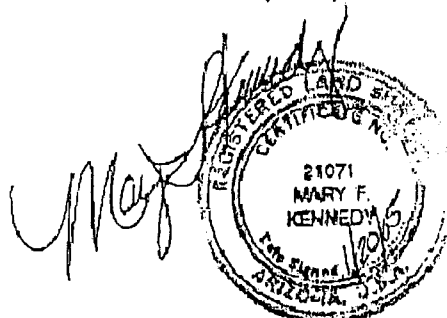
Lots 107 through 122, inclusive, and portion of Kings Ranch Road of Golden Springs according to Map Book 11, Page 52, Records of Pinal County, Arizona, being located in a portion of Section 9, Township 1 South, Range 9 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, being described as follows:

COMMENCING at the Northwest corner of Section 9;
thence North 89 degrees 41 minutes 01 seconds East, 2633.59 feet to the North quarter corner of Section 9;
thence South 28 degrees 46 minutes 29 seconds West, 1250.35 feet to northeast corner of Lot 122 and the POINT OF BEGINNING;
thence South 40 degrees 08 minutes 08 seconds East, 301.60 feet to a point on the monument line of Kings Ranch Road as shown on said plat for Golden Springs, said point being the beginning of a non-tangent curve, concave Northwest, from which the radius point bears North 40 degrees 08 minutes 08 seconds West a distance of 1432.40 feet;
thence Southwesterly 747.14 feet along the arc of said curve to the right and the monument line of Kings Ranch Road, through a central angle of 29 degrees 53 minutes 08 seconds;
thence South 79 degrees 45 minutes 00 seconds West, 242.37 feet along the monument line of Kings Ranch Road;
thence North 0 degrees 00 minutes 27 seconds West, 310.28 feet along the monument line of Alameda Way;
thence North 89 degrees 59 minutes 33 seconds East, 30.00 feet to the northwest corner of Lot 107;
thence North 79 degrees 45 minutes 00 seconds East, 157.68 feet to the northeast corner of Lot 109;
thence North 76 degrees 31 minutes 30 seconds East, 127.41 feet to the northeast corner of Lot 112;
thence North 69 degrees 19 minutes 20 seconds East, 157.10 feet to the northeast corner of Lot 115;
thence North 61 degrees 54 minutes 16 seconds East, 135.90 feet to the northeast corner of Lot 118;
thence North 55 degrees 14 minutes 22 seconds East, 127.41 feet to the northeast corner of Lot 121;
thence North 48 degrees 47 minutes 22 seconds East, 42.49 feet along the north line of Lot 122 and the POINT OF BEGINNING.

Containing 6.110 acres, more or less.

This legal description is based on record information. No field survey was performed by this surveyor to prepare this legal description.

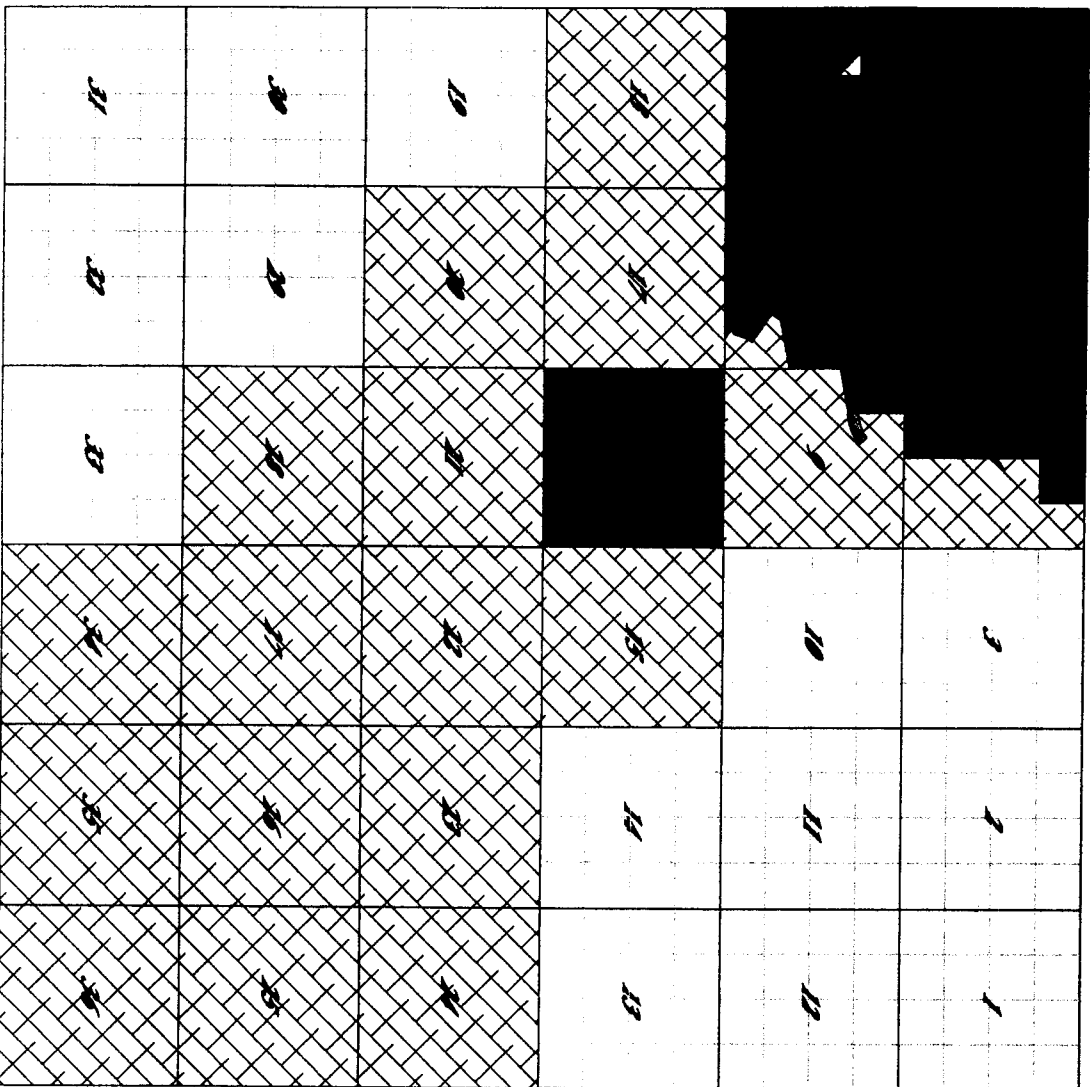
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6/10/04 Rev 1/20/2005



67671
DECISION NO.

COUNTY: Pinal

RANGE 9 East



TOWNSHIP 1 South



W-1445 (34)(7)

Arizona Water Company (Apache Junction)



SW-2519 (2)

Gold Canyon Sewer Company



Gold Canyon Sewer Company
Docket No. SW-2519-04-451
Application for Extension

